

Message Text

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ORIGIN ARA-10

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DRAFTED BY ARA/AND/E - MR. ALLITTO:LEE

APPROVED BY ARA/AND - MR. DEVINE

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FM SECSTATE WASHDC

TO AMEMBASSY QUITO NIACT IMMEDIATE

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L STATE 205489

E.O. 11652: GDS

TAGS: ENRG, EC

SUBJECT:GULF PREPARES FOR MORE CONFRONTATION

REF. (A) QUITO 5391 (B) QUITO 5602 (C) QUITO 5855

1. NESTOR ORTIZ (GULF OIL DIRECTOR FOR INTERNATIONAL AFFAIRS) INITIATED SEPARATE TALKS WITH OFFICE DIRECTOR DEVINE ON AUGUST 17 AND DESK OFFICER ALLITTO ON AUGUST 18 IN PREPARATION FOR THE IMMINENT VISIT TO ECUADOR OF GULF PRESIDENT FOR LATIN AMERICAN AFFAIRS T.D. LUMPKIN, WHOSE ETA IS THE MORNING OF AUGUST 19. LUMPKIN HAD APPOINTMENTS FOR AUGUST 20 TO SEE PRESIDENT OF THE SUPREME COUNCIL POVEDA ALONE, AND THEN THE SUPREME COUNCIL AS A GROUP, BUT POVEDA ASKED THAT THE SCENARIO BE CHANGED TO ONE MEETING WITH THE SUPREME COUNCIL ON AUGUST 19 BECAUSE OF THE DEPARTURE AUGUST 20 OF GENERAL DURAN, WHO IS COMING TO THE US FOR A MEDICAL EXAMINATION (FYI: THE DEPARTMENT HAS ALREADY REQUESTED COURTESIES OF THE PORT AT NEW YORK CITY).

2. ORTIZ REPORTED THAT LUMPKIN'S ATTITUDE WAS ONE OF BEING "READY FOR A DONNYBROOK." ORTIZ ALSO CONFIRMED
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ALLITTO'S IMPRESSION THAT LUMPKIN'S ATTITUDE TOWARD THE

GOE HAS DEFINITELY BEEN SHAPED BY LUMPKIN'S UNPLEASANT EXPERIENCE WITH NATIONALIZATION IN BOLIVIA, AND THUS LUMPKIN

TENDS TO BE RATHER BELLIGERENT AND IMPATIENT. DEVINE AND ALLITTO BOTH REPLIED ALONG LINES PUT FORTH IN REFTEL (A), WHICH ORTIZ PROMISED TO PASS ON TO LUMPKIN (FYI: ORTIZ WAS COMPLETELY UNAWARE OF THE SUBSTANCE OF REFTELS (A) AND (B), WHICH SUGGESTS AGAIN THAT TEXACO AND GULF ARE PLAYING THIS VERY CLOSE TO THE VEST, AND ARE MAKING ALL DECISIONS AT THE LUMPKIN-SHIELDS LEVEL OR HIGHER). ORTIZ CALLED BACK TO CONFIRM THAT HE DID PASS THAT MESSAGE TO LUMPKIN, AS WELL AS ALLITTO'S REQUEST THAT LUMPKIN TALK WITH AMBASSADOR BLOOMFIELD BEFORE LUMPKIN'S MEETING WITH THE SUPREME COUNCIL. ORTIZ SAID THAT LUMPKIN'S REACTION WAS: "I'LL CALL THE AMBASSADOR BEFORE THE MEETING IF THERE'S TIME; OTHERWISE I'LL SEE HIM AFTERWARDS." ORTIZ ADDED THAT LUMPKIN DID NOT KNOW THE NEW TIME OF THE MEETING.

3. ORTIZ WAS AWARE OF THE BAD NEWS IN REFTEL C, AND SAID THAT GULF WONDERED JUST WHO LEAKED THAT NEWS. HE ADDED THAT GULF WAS IN THE MIDST OF TRYING TO CHANGE THE ECUADOREAN MISCONCEPTION OF THE TANKER "RUTH" AFFAIR BY GETTING THE CLERK OF THE COURT OF LOS ANGELES TO PREPARE A SUMMARY OF THE COURT PROCEEDINGS, WHICH IS BEING TRANSLATED INTO SPANISH, AND WILL BE SENT TO GULF'S REPRESENTATIVES TO BE DISTRIBUTED TO KEY ECUADOREAN OFFICIALS AND POSSIBLY TO THE PRESS. LUMPKIN MAY CARRY A COPY WITH HIM FOR THE SUPREME COUNCIL.

4. ORTIZ' ONLY OTHER COMMENTS OF INTEREST INDICATED GULF'S GROWING UNHAPPINESS WITH TEXACO'S POSITION VIS A VIS THE GOE. GULF FEELS THAT TEXACO IS SITTING BACK AND LETTING GULF TAKE ALL THE FLACK, WHILE TEXACO BENEFITS FROM GULF'S TOUGH STANCE. ORTIZ CLAIMS THAT TEXACO NEEDS ECUADOREAN CRUDE, WHICH EXPLAINS TEXACO'S ACTION OR LACK THEREOF, WHEREAS GULF DOES NOT NEED ECUADOREAN CRUDE IN THE SLIGHTEST, AND IS STILL PREPARED TO GET OUT OF ECUADOR IF IT CAN GET COMPENSATION. ALLITTO COMMENTED HERE THAT LUMPKIN SHOULD DISCUSS THIS POINT WITH THE AMBASSADOR TO GET THE EMBASSY'S LATEST ASSESSMENT OF HOW THE GOE VIEWS GULF'S
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NEEDS. ALLITTO ADDED THAT IT'S POSSIBLE GOE IS OPERATING FROM ASSUMPTION THAT GULF REALLY NEEDS TO STAY IN ECUADOR.
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